



**Housing
Development
Fund**

**TESTIMONY OF HOUSING DEVELOPMENT FUND
IN SUPPORT OF SENATE BILL 360**

March 15, 2012

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Chairman Duff, Chairman Tong and members of the committee,

Thank you for the opportunity to share the Housing Development Fund's (HDF's) comments on Senate Bill 360, AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) TASK FORCE.

HDF supports the findings and recommendations of the CHFA Task Force and the content of Bill 360. HDF is a HUD/CHFA Approved Housing Counseling Agency, and we have been providing Foreclosure Intervention Counseling since 2008. HDF works actively with clients and provides assistance with applying for EMAP assistance. We also provided assistance to homeowners applying for EHLP assistance in 2011, and we saw clear evidence that a program available to FHA borrowers is needed, and based on our observation of applicants for the EHLP program, we support Bill 360's revision to allow EMAP to serve FHA-insured borrowers.

The mission of HDF is to facilitate the development of affordable housing, both rental and homeownership, and to assist individuals and households to enter into responsible homeownership. HDF is a HUD-certified Counseling and Lending Agency and Community Development Financial Institution (CDFI). We manage programs for pre-development, acquisition, rehabilitation, and construction of affordable housing. We serve Fairfield, New Haven and Litchfield counties with offices in Stamford, Bridgeport and Danbury. Our Multifamily Lending program has funded the development of over 950 high quality housing units including senior housing, special needs housing and supportive housing. Our First-Time Homebuyer Program has provided support to over 6,600 Connecticut residents seeking to purchase their first home, resulting in over 1,400 homes purchased to date. To date, over 95% of our clients who purchased a home remain current on their mortgages.

Beyond the particulars of the bill, HDF strongly supports the Task Force's recommendations with regards to Foreclosure Prevention Counseling. The Task Force reported that counseled homeowners are almost twice as likely to receive a modification, are dramatically (over 67%) more likely to stay current on their mortgage nine months after receiving a modification, and on average receive modifications that result in significantly lower





monthly payments compared to homeowners who receive no assistance. HDF's week-in week-out experience providing counseling services supports these findings.

Since 2008 HDF has helped over 950 troubled Connecticut homeowners offering individualized and group counseling, financial planning advice, assistance in negotiating with lenders, and foreclosure prevention forums. In many cases, these low- to moderate-income families have seen their earnings hit hard by the nationwide economic crisis. We are continually working closely with CHFA, The State Department of Banking, the foreclosure mediation program and a host of pro-bono attorneys, the Connecticut Fair Housing Center, workforce-training agencies, individual servicers and lenders, and other groups. We all share the aim of helping homeowners whose struggles often extend beyond the threat of foreclosure to struggles with unemployment, unanticipated medical expenses or other acute economic hardships. Within the taskforce report, there is a reference to state foreclosure hotline employees reporting that, "calls from borrowers facing foreclosure have become lengthier and more complicated." Most cases HDF encounters bring this anecdote to life – homeowners come to seek counseling in the throes of what is often the most challenging times they have ever known. Assisting our foreclosure counseling clients is work-intensive, time-sensitive and requires a mix of precision, care and attention given how each individual case is unique.

HDF strongly supports the taskforce's recommendations to increase staff of trained counselors and outreach efforts to homeowners. Our own program managed almost 150 active cases last year alone with only two full-time foreclosure counselors, provided monthly clinics, and staffed state and bank-organized local and state-wide forums for homeowners facing foreclosure. At this time, HDF and other counseling agencies struggle to fund foreclosure counseling efforts through available federal and state grants, supplementing that funding with charitable support. We could certainly help more homeowners with additional funding. Given the remarkable impact data and positive outcomes documented for counseled clients compared to homeowners who receive no assistance, we believe the value counseling provides to homeowners is clear. The value for communities also cannot be understated. Helping families to stay in their homes increases stability for their neighborhoods, promotes healthier outcomes for their children, motivates would-be otherwise discouraged workers to continue the search for employment and training and promotes a more stable Connecticut.

Towards that end, HDF would be pleased to offer whatever assistance we can provide to legislative efforts to increase the number of CHFA/HUD-approved counselors. For all these reasons we support Bill 360 and CHFA's efforts to assist struggling homeowners through foreclosure counseling. Thank you for your time.